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SUBJECT: TABUK SAUDI ARABIA: NORTHERN CHAMBER OF COMMERCE
EAGER TO PROMOTE TRADE AND DEVELOPMENT

REF: JEDDAH 221

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11. SUMMARY: On May 16, the CG and Pol/Econ Chief met with the Board of Directors of the Tabuk Chamber of Commerce and Industry and the Manager of the Supreme Commission for Tourism (SCT). The Board enthusiastically promoted the agricultural and industrial developments in the region and expressed a desire to improve economic links with the United States. The CG promised to assist in promoting economic relations and recommended the Board establish a liaison with the FCS Section in the Consulate General. The SCT representative presented a detailed and well-reasoned plan for promoting non-Muslim tourism in the region without offending conservative sensibilities. The Board conveyed its belief that the violent image of Saudi Arabia was not justified and impaired economic relations. The CG explained the practical basis for the Travel Warning, but also noted that business could be pursued while observing reasonable security precautions. The Board offered an ambiguous assessment of the status of water resources in the region. Observation suggested that means of transportation in the area are limited.

TABUK CHAMBER OF COMMERCE AND INDUSTRY

12. On May 16, CG and Pol/Econ Chief met with the Chairman and Board of Directors of the Tabuk Chamber of Commerce and Industry in their Headquarters building in the city of Tabuk. The discussion was led by Chairman Mohammed H. Al-Balawi, Vice Chairman Hassan Ibn Homoud Mohamed Al-Shehri and Board Member Jamal Al-Fakhri. About 15 other members of the Board of the Chamber were present. Also in attendance was Fouad M. Alghorayed, Executive Director of the Tabuk office of the Supreme Commission for Tourism (SCT). The members of the Chamber all exhibited pride in the economic progress their region is making and a desire to promote greater development with external partners. The Chamber expressed their great pleasure at hosting a meeting with the CG. On her departure, they presented the CG with a statement, an informal translation of which follows:

To: U.S. Consul General in Saudi Arabia

Asalam Alaeikom,

On behalf of the members of Tabuk Chamber of Commerce, I

thank you for visiting us in Tabuk Region. Your honorable visit will definitely flourish the bilateral relations between our two countries. Saudi Arabia has always maintained a clear policy towards stability and world peace. The Saudi American relations go back to the late King Abdulaziz and President Roosevelt in 1945.

Ever since that date, the Kingdom has worked hard to develop its status as a solid industrial base. This industrial development is witnessed by everyone. The Kingdom is currently exporting its petrochemicals to 139 nations.

Finally, I would like to thank you for your visit and hope that you will honor us with another visit soon.

End translation.

AGRICULTURE IN TABUK

13. With obvious pride, the members of the Chamber described the economy of the region. Agriculture takes the preeminent place. Tabuk is considered the breadbasket of the Kingdom, being the center of wheat production. The Chamber members spoke with special satisfaction about the cut flower greenhouses that yearly produce more than 50 million blooms for local, regional, and international flower markets. The Chamber participants related that the complex, modern irrigation and farming system in the region had been planned with the aid of American universities and consultants. They particularly emphasized the contribution made by the University of Nebraska, with which they still maintain close ties, as well as with other colleges and consultants in the United States. Much of the irrigation and agricultural equipment used in the region was supplied by American manufacturers.

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WATER PRIMARILY FROM AQUIFERS

14. Virtually all of the water for domestic, agricultural, and industrial use comes from the large aquifer underlying the region and extending into southern Jordan. In response to the CG's queries about surveys to gauge the depletion rate of the aquifer, the Chamber members responded with contradictory statements. One replied that there was ample water for far into the future, another said there had not been a comprehensive survey, a third stated that there had been no discernible drop in the water table. What they did agree on when the question was raised about cooperation with Jordan, which also has a claim on this vital resource, was a shared, mild scorn for Jordanian operations. They insisted that their operations were designed scientifically to use the water efficiently and implied that there were controls to prevent wasteful use of water in the region. In contrast, they complained that the Jordanians were shipping the water north to their cities and other agricultural areas, rather than using it around its natural source.

INDUSTRY IN TABUK

15. The Chamber members aggressively promoted their industrial accomplishments, describing a substantial and growing industrial sector. Much of it is based on the local natural and mineral resources. The region supports substantial brick-making and cement factories. It also produces the raw-materials for glass, and then ships these constituents to factories elsewhere. There also exist relatively new, but growing industries in pharmaceuticals, fertilizer, and plastics. Despite the disdain voiced by the Chamber for Jordan transferring water out of the region, one Board member volunteered that his business bottles water and ships it throughout the kingdom and beyond.

INFRASTRUCTURE

¶6. Although the region exports a significant variety of products to other areas of the kingdom and abroad, transportation infrastructure will be a major obstacle to growth. There is no rail service to the region. Products produced near the coast may be sent by sea, but access to the few small ports from inland is not easy. Consequently, virtually all goods, even the heaviest such as cement and bricks, must be transported by truck. The road network is not extensive. Only a skeleton of roads twists through the mountains and wadis to connect the population centers with the coast and the rest of the Kingdom. The remarkable exception is the flower market. Being a high-value, time-sensitive product, flowers can economically be shipped by air to neighboring countries and Europe.

TOURISM AN ATTRACTIVE MARKET

¶7. Like his colleague in Jeddah, Fouad M. Alghorayed, the local manager of the SCT, has extensive plans to promote tourism in the Tabuk region. The Chamber of Commerce fully supports this effort. Their plans parallel those described to Pol/Econ Chief by the SCT in Jeddah (reftel). Tabuk possesses over 700 km of seacoast offering many potential sites for diving and other forms of recreation.

¶8. There are many ancient and historical sites in the region. Tabuk occupies the heart of the ancient Nabatean civilization that extended from the world-renowned city of Petra in Jordan to spectacular, but less well-known Midian Salah located just south of the border of Tabuk Governate. Previously averse to even acknowledging a pre-Islamic existence, the new tourism and development officials now seem to recognize the attraction of ancient civilizations and display a determination to profit from them. There are potential attractions from other eras as well. Remnants of the celebrated Hejaz Railway, destroyed by the Arab Revolt during World War I may be seen in many places, including the very center of Tabuk, and Ottoman-era forts and watchtowers dot the landscape along the historic caravan and pilgrimage routes. The landscape itself is also an attraction, stark mountains and precipitous ravines are interspersed with vast tracts of desert and volcanic debris. Although forbidding, it is also impressive, even majestic scenery, and there are few places in the world where a person can more truly be

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alone with nature.

FOREIGN TOURISTS WILL BE WELCOMED

¶9. The primary target market is domestic and religious travelers, but, like his colleague in Jeddah, Alghorayed also wants to exploit the non-Muslim market. Again he was enthusiastically supported by the Board of the Chamber. The SCT director said that he expected that within the week the government would announce that it would issue Tourist Visas.

¶10. Acknowledging that the Tabuk Region is more conservative socially than Jeddah, the group has given considerable practical thought to fashioning plans that will allow tourists to enjoy the attractions of the region without unduly upsetting conservative elements in society. Initially, at least, independent tourism will be kept to a minimum. They envision tourists coming into the kingdom being met by trained guides and shepherded to tourist resorts that will maintain a freer environment than prevails in Saudi communities. Demonstrating their pragmatic approach, they intend to focus on the Gulf of Aqaba and the Red Sea coast, where they can promote diving and maritime recreation and house tourists in facilities relatively isolated from the local population. The Gulf of Aqaba will be the first target for tourist development. They foresee the Saudi coast of the Gulf being integrated into tours coming from resorts in Sinai, Israel and Jordan. They are even exploring the possibility of bringing tourists from the Egyptian resorts directly by sea to resorts on the Saudi side of the Gulf

without requiring visas for Saudi Arabia.

AMERICAN DEVELOPMENT ASSISTANCE DESIRED

¶11. In order to implement this scheme, the SCT and Chambr said they wanted to contact American consultants and organizations involved in tourism development and management.

The CG recommended that they contact the Consulate Commercial attach, who has received a similar request from SCT's Jeddah manager. The Board members all expressed a desire to expand trade and development with the United States.

SECURITY AND AMERICAN BUSINESS

¶12. In connection with the prospect for increasing travel and trade, they expressed grave concern about the image of Saudi Arabia in the United States and the role of the Department's Travel Warning in shaping that image. They strenuously argued that one is much safer in Saudi Arabia than in virtually any major American city. They asked that the Consulate modify its Travel Warning, recommend expatriate families return to the Kingdom, and encourage American business-people to come to the Kingdom.

¶13. The CG explained that the Consulate was obligated to give a reasoned estimate of the danger to American citizens and the Travel Warning reflected current conditions. The preceding week's shooting at the Consulate was offered as evidence that the situation may not yet be fully stabilized. The CG also explained that although American cities possibly presented a greater risk of violence, this was a random risk, whereas the threat to Americans in Saudi Arabia was a targeted risk. The CG concluded by noting that the warning did not prohibit Americans from coming to Saudi Arabia. Pol/Econ Chief amplified the CG's remarks by pointing out that the Saudi economy is attracting attention in America and their accession to WTO added to this growing attraction and many American businesses are exploring ways to develop business relations with Saudi Arabia.
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